

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-10 FRB-03 INR-10 IO-13 NEA-10 NSAE-00 ICA-11
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USOECD; USEEC

E.O. 11652: N/A
TAGS: ECON, GR
SUBJECT: GOG RESPONDS TO PRESS COMMENTS OF OECD SURVEY OF
GREECE

1. THE RELEASE HERE EARLIER THIS WEEK OF THE OECD ECONOMIC
SURVEY OF GREECE CAUSED QUITE A STIR IN THE LOCAL PRESS.
WHILE THE PRO-GOVERNMENT NEWSPAPER "KATHIMERINI" CHARACTERIZED
THE REVIEW'S FINDINGS AS "FAVORABLE AS A WHOLE FOR OUR
ECONOMY," THE OPPOSITION PRESS DELIGHTED IN THE REVIEW'S DIRE
WARNINGS ON CONTINUING INFLATION AND PROMPTED A SHARP REBUTTAL
ON BEHALF OF THE GOVERNMENT BY MINISTER OF COORDINATION
MITSOTAKIS.

2. CLAIMING THAT "SOME OF THE DAILY PAPERS IN GREECE HAVE
DISTORTED THE VIEWS AND CONCLUSIONS OF THE OECD SURVEY. . .
REMAINING SILENT ON ITS POSITIVE POINTS AND EXAGGERATING
THOSE WHICH CONCERN INFLATION," MITSOTAKIS NOTED THAT OECD
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PROJECTIONS OF WAGE AND SALARY INCREASES OF 20 PERCENT
AND AN INFLATION RATE OF 13 PERCENT THIS YEAR IMPLY AN
INCREASE IN THE REAL INCOME OF WAGE EARNERS OF MORE THAN
6 PERCENT. IN FACT, HE CLAIMED, INFLATION WILL BE HELD
MUCH BELOW THE RATE OF 13.5 PERCENT DUE TO GOVERNMENT
MEASURES AND CONSEQUENTLY REAL INCOMES WILL INCREASE
FASTER THAN ASSUMED BY THE OECD. MOREOVER, GREECE WILL

ENJOY A GROWTH RATE HIGHER AND A RATE OF UNEMPLOYMENT LOWER THAN THOSE PREVAILING IN THE OECD COUNTRIES GENERALLY. THE MINISTER CONCLUDED BY STATING THAT THE OECD REPORT PROVIDES TANGIBLE EVIDENCE THAT GOG ECONOMIC POLICY HAS SUCCEEDED IN RESTRAINING THE RATE OF PRICE INCREASES WITH A PARALLEL INCREASE OF EMPLOYMENT.

3. COMMENT: WHILE THE PREMATURE RELEASE HERE OF THE PRELIMINARY EDRC DRAFT REPORT ON GREECE LAST JUNE-- WHICH WE SUSPECT WAS LEAKED BY THE GOG TO GARNER SUPPORT FOR ITS SUBSEQUENT ANTI-INFLATIONARY MEASURES-- APPEARS TO HAVE SERVED ITS SPECIFIC PURPOSE, MITSOTAKIS WAS STILL OBLIGED TO DEAL DEFENSIVELY WITH THE REPORT'S ESSENTIAL CONCLUSIONS, I.E., THAT THE GOG HAD CAPITULATED TO LABOR' DEMANDS AT THE EXPENSE OF THE BATTLE AGAINST INFLATION. IN THIS LIGHT, THE MITSOTAKIS STATEMENT CAN ALSO BE READ TO IMPLY THAT THE GOVERNMENT IS PREPARED TO ADOPT A TOUGHER INCOMES POLICY AIMING AT LOWER NOMINAL AND REAL INCOMES IN 1979. MCCLOSKEY

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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